

From: "Marcia McKeag" <MMckeag@isbt.com> on 01/29/2004 01:11:09 PM
Subject: Consumer Leasing

January 28, 2004

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
VIA e-mail: regs.comments@federalreserve.gov

Re: Docket No. R-1167 Regulation Z
Docket No. R-1168 Regulation B
Docket No. R-1169 Regulation E
Docket No. R-1171 Regulation DD

Dear Ms. Johnson:

Thank you for the opportunity to comment on the regulatory proposals referenced above. Iowa State Bank & Trust Company is a \$500 million community bank with six locations in three cities in eastern Iowa. The FDIC is our primary regulator.

Although we appreciate the efforts being made to ensure consumers receive understandable information as well as bring some consistency to the various consumer protection regulations, we think the proposals for "clear and conspicuous" are not clear and leave much to be interpreted. Examples include the following:

- What is considered "highly technical business terminology"?
- What are the parameters for "wide margins and ample spacing"?
- What words are considered "everyday words" and what are not?
- What are considered "key words" that should be boldface or italicized?
- What is considered "plain-language" for headings?

The proposed definition for clear and conspicuous will increase the paper that is generated and given to consumers as efforts are made to "call attention" to information by increasing font size, margins, or adding graphic devices. Also, boldface type and graphic devices intended to bring attention to certain information may cause more confusion to consumers by creating competition and adding unnecessary clutter the disclosures. Further specific guidance should be given to electronic delivery of required disclosures as most of the proposed language is directed at paper methods.

In the proposals, the Board does not offer support that would indicate current disclosures are not satisfactory. The proposed changes will be at the expense of financial institutions as they will be required to review all affected disclosures and make modifications to be compliant.

Proposed comments 2(bb)-3 in Reg. B, 2(n)-3 in Reg. E, 2(a)(27)-3 in Reg. Z, and 2(w)-3 in Reg

DD, begin by saying that clear and conspicuous does not prohibit adding certain other items or sending promotional material with the required disclosures, but the last sentence leaves this open to broad interpretation. How can banks have any confidence that regulators will not negatively criticize what the bank interprets to be within the definition of clear and conspicuous?

In summary, we appreciate efforts for consumer understanding and regulatory consistency. The proposals as written are not sufficiently clear to eliminate a wide range of interpretation. Lastly, consideration should be given to the expense that financial institutions would experience should these changes be finalized.

Sincerely,

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